
**Former Naval Air Station Alameda
No-Cost Economic Development Conveyance
Navy/City Amendment 2 Discussion
January 2022**

The City of Alameda (City) sent the Navy a September 14, 2021 memo titled “Impacts of Excess Unit Fee on Base Reuse Viability,” and a December 15, 2021 memo titled “Alternatives to Current Excess Unit Fee Structure.” These two documents discuss reducing the Excess Unit Fee, which was designed to provide the Navy compensation should the City’s development of market-rate housing exceed the original, agreed upon redevelopment plan. This redevelopment plan (Reuse Plan) was the basis for the no-cost transfer of land agreement that the City recommitted to via the No-Cost Economic Development Conveyance Amendment 2.

The Navy has been a steadfast supporter of and partner to the City through the decades since base closure, and is amenable to exploring alternate concepts that would be fair to both parties and facilitate redevelopment. Please note, all proposed deal terms will be subject to the direction and approval of the Department of the Navy leadership before being finalized.

As clarified by the Navy to the City in August 2020, affordable housing is not subject to the excess unit fee.

The Navy appreciates the City putting forth the alternatives outlined in the December 15, 2021 memo. Our initial reaction is that the first two alternatives, Fee Payment from Land Sale Proceeds and Revenue Sharing Participation would have too high a burden of tracking financial data, and rely on the City generating market-rate sales or profits. For these reasons, the Navy does not wish to pursue these two alternatives further.

The Navy is amenable to further discussion on the second two alternatives in the memo, Pre-payment of Fee and Re-Calculation of Fee using alternative indices. However in order to further the discussion with the City, the Navy requires additional information to comprehensively evaluate these alternatives.

Information Requested by the Navy

Development

1. What is the proposed development concept moving forward?
2. How many additional units (range) are anticipated and what is the likely timing, phasing, and location?
3. What is the timeline for completion of the second phase of Site A, the West Midway and RESHAP projects (the remaining buildout of Residential Base-Line Amount)?
4. Please explain why commercial development is not feasible, given this type of development is profitable elsewhere in the market.

Infrastructure

5. Please provide a detailed breakdown of the \$92M (\$170K/unit) in infrastructure spending for Site A, Phase 1 (per the City's September 12, 2021 Memo, Table 3).
6. Please describe how future phases will not be overburdened with infrastructure expenses, and that the comprehensive plan will be viable?
7. Please describe how future infrastructure costs are intended to be allocated? Are these costs being allocated fairly and with attention to all possible sources? What are the potential sources being considered?
8. Please provide additional detail to explain Table 7 of the City's September 12, 2021 Memo which states commercial land, after accounting for required infrastructure is worth negative \$1.1M per acre. Please provide data to support the potential land proceeds of \$1.6M per acre.

Local Reuse Authority (City) Base Reuse Fund Balance/Budget

9. The City presented the idea of an up-front payment (titled pre-payment) in its December memo. What pre-payment structure does the City propose and what would be the source of these funds?
10. As of June 30, 2020 the City had a fund balance of \$53.5 million in the Base Reuse Fund which are proceeds from the sale of lease of former NAS Alameda properties. Please explain how these funds are envisioned to be utilized in the proposed redevelopment concept.
11. Please describe the line item "Transfer to City for COVID-19 Small Business Relief Grant Program" noted on the Year ending June 30, 2020 Financial Statement. Please advise why this an allowable cost per the No-Cost EDC regulations.

The Navy recognizes collecting the responses to these questions may take some time. Upon receipt of the City's response, the Navy will need approximately 2 weeks to confer with our consultants and present a preferred alternative. We look forward to future collaborative discussions with the City.